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IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-1794

EVER-READY INCORPORATED, a corporation, and
MARK GILBERT, an individual,

Petitioners,

VS.

UNION CARBIDE CORPORATION, a corporation,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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Respondent, Union Carbide Corporation, plaintiff in the district court, appellant below, prays that this Court not issue a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in the above-entitled case on January 30, 1976, as amended on denial of petition for rehearing on March 11, 1976.

Questions Presented for Review

1. Whether a defendant in a trademark infringement action may attack the validity of plaintiff's mark, when plaintiff's rights therein have become incontestable through

registration and compliance with the requirements of Section 15 of the Lanham Act, except upon one of the grounds enumerated in Section 33(b) of the Act.

2. Whether, in a trademark infringement action, the Court of Appeals abused its discretion and violated F.R.C.P. 52(a) by holding certain findings of the district court clearly erroneous and holding that the district court had failed to apply the proper standards in evaluating the evidence.

Counterstatement of the Case

Respondent has restated the questions presented for review because those questions, as set out in the petition for certiorari herein, contain inaccuracies as to the applicable statutory law, the opinion of the district court and the basis for reversal by the Court of Appeals.

Petitioners' first question[1] implies that, under Section 15 of the Lanham Act,[2] a mark becomes "incontestable" merely "by means of registration and a lapse of five years." This is incorrect. Section 15, which is set out in full at pages 2-3 of the petition for certiorari, provides, *inter alia,* that registrant's rights in a mark become incontestable only if it has used the mark continuously in commerce for five years since registration, there has been no final decision adverse to those rights and there is no pending proceeding involving those rights *and* registrant files an affidavit

[1] "Whether a defendant in a trademark infringement action may be denied the right to attack the underlying validity of plaintiff's mark, except upon the limited grounds enumerated in Section 33(b) of the Lanham Act, merely because by means of registration and a lapse of five years, the mark has become 'incontestable' under Section 15 of that Act."

[2] 15 U.S.C. 1065.

setting forth such facts. Upon compliance with all of the provisions of Section 15, Section 33(b),[3] set out in full at page 3-5 of the petition, provides that "the registration shall be conclusive evidence of the registrant's exclusive right to use the mark in commerce" subject to seven enumerated defenses.

Respondent's rights in its trademark have become incontestable by compliance with the provisions of Section 15 of the Act (A4, A41).[4] Petitioners did not establish any of the seven defenses enumerated in Section 33(b) (*infra,* p. 4). The question here is whether other defenses should be permitted even though not enumerated in the Statute.

Petitioners' second question[5] suggests inaccurately that the Court of Appeals tried the likelihood of confusion issue *de novo.* Moreover, the district court made no finding that survey evidence offered by respondent was "slanted, and likely to lead to bias and error", nor did it question the credibility of any of respondent's witnesses.

Petitioners' statement of the case suggests that they had been conducting business in much the same way since the mid-1940's. Regardless of their use of the name Ever-Ready as wholesalers dealing with the trade, the Record shows that petitioners' importation of miniature lamp bulbs in packages bearing the trademark EVER-READY, and their subsequent importation of high-intensity lamps so

[3] 15 U.S.C. 1115(b).

[4] The opinions below will be cited by reference to the Appendix to the petition for certiorari.

[5] "Whether, in a trademark infringement action, the Court of Appeals abused its discretion and violated F. R. C. P. 52(a) by trying the likelihood of confusion issue *de novo* and reversing the trial court's specific finding that there was no likelihood of confusion because (1) plaintiff's survey evidence was 'slanted, and likely to lead to bias and error,' and (2) plaintiff's witnesses were not to be believed."

marked, began in 1969 (A3). Moreover, respondent's initial protest to petitioners was based upon use of the trademark EVEREADY not merely upon miniature lamps for automotive use (Petition, p. 6), but upon long and extensive use of the mark on miniature lamp bulbs generally and on other products, including flashlights, batteries and other electrical products (A2, A41-A42).

ARGUMENT

I.

The Holding of the Court of Appeals for the Seventh Circuit that Respondent's Trademark EVEREADY is Valid Was Correct in Law and Fact and Need Not Be Reviewed.

A. The Holding of the Court of Appeals Regarding the Effect of Incontestability Is Not in Conflict with the Decisions in Other Circuits.

Section 33(b) of the Lanham Act, which is one of the sections of that statute dealing with remedies for infringement (§§32-40), provides that, when the right to use the registered mark has become incontestable, "the registration shall be conclusive evidence of the registrant's exclusive right to use" the mark in commerce on or in connection with the goods specified except when certain enumerated defenses are established. None of those defenses was established here.[6]

As the Court of Appeals correctly noted, the district court simply disregarded the effect of incontestability in

[6] Before trial, petitioners were permitted to amend their Answer to allege an "antitrust" defense under Subsection (7), but this issue was severed by the trial judge and is now before the district court on remand from the Court of Appeals.

holding plaintiff's trademark EVEREADY descriptive and therefore invalid. Nevertheless, petitioners now urge this Court to grant a writ of certiorari on the ground that the decision of the Court of Appeals is in conflict with decisions of other circuits.

The specific decisions relied upon by petitioners in support of this contention are *Tillamook Creamery Ass'n* v. *Tillamook Cheese & Dairy Ass'n*, 345 F.2d 158 (9th Cir.), *cert. denied*, 382 U. S. 903 (1965); *Flavor Corporation of America* v. *Kemin Industries, Inc.*, 493 F.2d 275 (8th Cir. 1974); and *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co.*, 516 F.2d 846 (8th Cir.), *cert. denied*, 423 U.S. 870 (1975). Each of these cases was considered by the Court of Appeals (A7-A11), and it does not appear that a conflict between the circuits is presented.

Both *Tillamook* and *Wrist-Rocket* were cases in which a prior user of a mark which was later the subject of an "incontestable" registration was held entitled to continue its use. In neither of these cases was there any claim that the mark involved was descriptive, nor was a registered mark held invalid.[7]

To construe the 8th Circuit opinion in *Flavor Corporation*[8] as a holding that incontestable rights in a registered

[7] The district court decisions relied upon by petitioners are not in point. In *Haviland & Co.* v. *Johann Haviland China Corporation*, 269 F.Supp. 928 (S.D.N.Y. 1967), defendant's mark had been in use concurrently with plaintiff's for many years prior to the issuance of plaintiff's registrations. *Schwinn Bicycle Co.* v. *Murray Ohio Manufacturing Co.*, 339 F. Supp. 973 (M.D. Tenn. 1971), *aff'd*, 470 F.2d 975 (6th Cir. 1972), did not involve descriptiveness but rather an element of plaintiff's product found by the trial court to be functional. The Court of Appeals did not consider incontestability.

[8] The extensive discussion by the Court of Appeals (A10-A14) was intended to clarify its earlier opinion in *John Morrell & Co.* v. *Reliable Packing Co.*, 295 F.2d 314 (7th Cir. 1961).

mark remain subject to defenses in infringement suits not specified in the Statute overlooks the Court's observation, in a footnote (493 F.2d at 281), that:

> "The precise effect incontestable status might have on the scope of injunctive relief is not certain. [Citations omitted.] Since we find the trial court's determination that 'PESTLUR' is a descriptive mark not to be clearly erroneous, it is unnecessary to decide that question."

Whatever the merits of the district court's finding in *Flavor Corporation* regarding the descriptiveness of PESTLUR for rodenticide flavorings, it seems clear that EVEREADY could not be held "*the common descriptive name* of any article or substance" (emphasis supplied), the test under Section 15(4), relied upon in *Flavor Corporation*. Moreover, in its subsequent opinion in *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co., supra,* the Eighth Circuit rejected the proposition that any defense not set forth in the Statute may be raised in an infringement action where rights in the mark have become incontestable (516 F.2d at 851).

In effect the Court of Appeals has held that Section 33(b) of the Lanham Act means exactly what is stated therein, namely, that when incontestability has been established, a registered mark is *conclusive* evidence of registrant's *exclusive* right to use his mark in commerce on the goods specified unless one of the seven enumerated defenses is established. Far from leaving the "intent and meaning" of this provision "in a state of confusion" (Petition, p. 9), the Court's opinion clarifies the interpretation of the Statute. Since petitioners did not establish any of the enumerated defenses, it was proper for the Court of Appeals to hold respondent's mark valid.

It is significant that, because of its discussion on the effect of incontestability, the panel below distributed the opinion to all judges of the Court in regular active service[9] and that no judge voted to rehear the case *en banc* (A15).

B. A Reversal of the Holding of the Court of Appeals as to Incontestability Would Not Change the Result Below.

After holding that plaintiff's incontestable rights in its registered mark precluded any defense in an infringement action not enumerated in §33(b) of the Lanham Act, the Court of Appeals went on to consider the merits of the mark wholly apart from its incontestable status. Although apparently disagreeing with the finding of the district judge that EVEREADY was descriptive, the Court of Appeals assumed *arguendo* that the mark was descriptive and then held the finding below that it had not acquired secondary meaning to be clearly erroneous (A19-A22).

In support of its holding that EVEREADY had acquired secondary meaning, the Court of Appeals pointed to "overwhelming evidence in the record" of long and extensive sales and advertising of electrical products under the EVEREADY mark; remarks by defendants' counsel himself regarding the public's association of the name EVEREADY with plaintiff's batteries; the surveys offered by plaintiff which demonstrated that "an extremely significant portion of the public associates Carbide's products with a single anonymous source", and the "general public knowledge" that EVEREADY is utilized "to indicate the single, though anonymous, source" of plaintiff's products.

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[9] Judge Philip W. Tone, who had heard certain pretrial motions in the district court, disqualified himself from any consideration of the case on appeal.

Even in *Flavor Corporation of America* v. *Kemin Industries, Inc., supra,* the Court of Appeals for the Eighth Circuit recognized that the owner of a mark which has acquired a secondary meaning is entitled to injunctive relief when the mark is infringed, regardless of incontestability (493 F.2d at 282).

Petitioners here have not challenged the portion of the Court of Appeals decision holding plaintiff's trademark EVEREADY valid wholly apart from considerations of incontestability. Thus, even if this Court were to grant certiorari and hold an "incontestable" registration open to such attack on the ground of descriptiveness in an infringement action, the result in the present case would not be changed.

II.

The Holding of the Court of Appeals that the District Court Was Clearly Erroneous in Finding No Likelihood of Confusion Was Correct and Should Not Be Disturbed.

In arguing that the Court of Appeals exceeded its authority to review the findings of the district court, petitioners rely upon *Zenith Radio Corp.* v. *Hazeltine Research Inc.,* 395 U.S. 100 (1969). That was a patent infringement action in which the defendant had counterclaimed for violation of the antitrust laws. The passage quoted by petitioners related to that part of the opinion in which the Court of Appeals, while not refusing to accept certain testimony on behalf of the counterclaimant, considered it of insufficient weight to support certain findings of the trial court. That is hardly the situation here, where the Court of Appeals has held "clearly erroneous" several findings by

the district court based upon evidence of likelihood of confusion.

In *United States* v. *United States Gypsum Co.,* 333 U.S. 364, 395 (1947), this Court recognized that findings of fact by a trial court may be reversed where "clearly erroneous", as the Court of Appeals found the crucial findings to be in the present case. Moreover, in *Gypsum,* this Court discussed the background of the rule, tracing its genesis in the equity practice prevailing prior to the adoption of Rule 52(a) of the Federal Rules of Civil Procedure:

> "The practice in equity prior to the present Rules of Civil Procedure was that the findings of the trial court, when dependent upon oral testimony where the candor and credibility of the witnesses would best be judged, had great weight with the appellate court. The findings were never conclusive however. A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed."

In the present case, the "candor and credibility of the witnesses" is not an issue. The trial judge did not reject either the surveys or the evidence of instances of actual confusion caused by defendants' infringement because he did not believe the witnesses were telling the truth, but rather because of misconceptions as to the applicable standards.

As the Court of Appeals correctly noted, to the extent that likelihood of confusion is predicated upon the similarity of the marks themselves, it is a mixed question of law and fact with the appellate court in as good a position as the trial judge to determine the probability of confusion (A26). The Court of Appeals then held explicitly that the trial court erred in holding the marks of the parties dissimilar in the contemplation of the law.

With regard to the instances of actual confusion presented by respondent, the first was wholly documentary, consisting of correspondence, and the appellate court was clearly in as good a position as the trial judge to evaluate this evidence (A27, A54-55).

The second instance of actual confusion was rejected by the trial court, not because it lacked probative value, but rather because the judge accepted petitioners' disputed contention that it was "manufactured by a party" and therefore "suspect" (A56). Since the district court did not question the truthfulness of the testimony, the Court of Appeals was in a position to consider the evidence and quite properly held it probative and entitled to weight (A28-29).

The Court of Appeals also held probative on the issue of likelihood of confusion the testimony of Mrs. Lonczak and her daughter, who had purchased petitioners' products marked EVER-READY in the belief that they were put out by the "EVEREADY battery people". Since side-by-side comparison of the respective marks is not the test of likelihood of confusion, the Court of Appeals held that the failure of these witnesses to make such a comparison was no ground for discrediting their testimony (A29-30, A56).

There was no finding by the district court as to the candor and credibility of the witness Fitzpatrick, who had prepared and supervised the surveys. The Court of Appeals relied on its own examination of the survey questionnaires themselves and of the results obtained in holding that the trial court's failure to credit the survey evidence was "clearly erroneous" (A35) and that the survey results showed substantial likelihood of confusion.

There was no suggestion that the trial judge did not believe the testimony or the other evidence presented by plaintiff as to likelihood of confusion. Had the district judge found that the witnesses were not telling the truth,

a completely different question would be presented. The issue here is not whether the judge believed or disbelieved the testimony, but rather is whether he correctly interpreted and applied the evidence in determining the issue of likelihood of confusion. Respondent submits that the Court of Appeals was correct in holding that he did not.

CONCLUSION

The decision of the Court of Appeals is not in conflict with the decision of another court of appeals on the same matter. There has been no departure by the Court of Appeals from the accepted and usual course of judicial proceedings nor, specifically, from the standards of review set forth in Rule 52(a) of the Federal Rules of Civil Procedure. Petitioners have not shown any reason which calls for the exercise of this Court's powers of supervision. The Petition should be denied.

Respectfully submitted,

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